

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

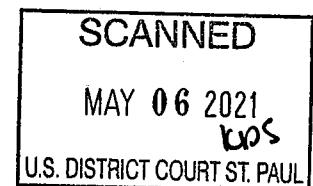
UNITED STATES OF AMERICA,)
Plaintiff,)
v.)
JULIAN XIONG,)
Defendant.)
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Criminal File No. 21cr110 DWF
INFORMATION
26 U.S.C. § 7201

THE UNITED STATES ATTORNEY CHARGES THAT:

Background

1. On or about between October 1, 2013 and December 31, 2015, the defendant, JULIAN XIONG, owned and operated a company in the State of Minnesota named Khamaniyon Employment Service, Inc. (“KESI”). KESI’s business included contracting with companies to hire and pay workers for those companies. The workers were employees of KESI, and KESI was responsible for all payroll taxes including withholding from employee pay, the payment of said withheld amounts to the Internal Revenue Service, the filing of true and correct Forms 941 to reflect the withholding and payment of payroll taxes, and the payment of the employer’s portion of Social Security and Medicare (“FICA”) contributions.

2. During the relevant time, XIONG was the president of KESI and was personally responsible for ensuring the true, accurate, and timely payment over to the Internal Revenue Service of all corporate income and payroll taxes by KESI.



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3. During the tax years 2013, 2014, and 2015, XIONG employed workers but caused KESI not to properly withhold, account for and pay over accurate payroll taxes, including federal income taxes and Social Security and Medicare taxes, and caused Forms 941 to be completed and filed that were willfully and deliberately false, in that they did not report all the payroll taxes owed by KESI. To evade payroll taxes KESI owed, XIONG caused KESI to pay a portion of its employees' salaries in cash and not report the true payroll on the Forms 941 filed on behalf of KESI. For example, in the calendar years 2014 and 2015, XIONG paid cash wages of \$597,456.87 and \$318,634.27, respectively, which he did not report.

4. Further, XIONG caused the filing of false annual Forms 1120 (corporate tax returns) to maintain the concealment of the undisclosed payroll amounts. For example, during 2014 and 2015, XIONG concealed from his tax preparer the true revenue of KESI and thereby caused the filing of false annual corporate tax returns. For the two years, XIONG reported to the tax preparer less than \$300,000 in gross receipts for KESI when, in fact, KESI's gross receipts exceeded \$2,800,000.

5. The federal tax loss attributable to JULIAN XIONG for his operation of KESI, consisting of payroll taxes evaded, was \$238,678.81.

6. Prior to establishing and operating KESI, XIONG conspired with another individual, C.X., to willfully evade payroll taxes in connection with the operation of Twinstar Solutions, Inc. ("TSI"), a similar employee leasing agency, by paying TSI's employees partially in cash and filing false 941 and 1120 forms. The tax loss attributable

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to XIONG's participation in the conspiracy with C.X., consisting of payroll taxes evaded in the operation of TSI in 2013, was \$170,661.84.

COUNT 1
(Tax Evasion)

7. From in or about October 2013 through in or about December 2015, in the State and District of Minnesota, the defendant,

JULIAN XIONG,

willfully attempted to evade and defeat and did in fact evade and defeat the payment of payroll tax due and owing by Khamaniyon Employment Service, Inc. ("KESI"), a corporation that had its principal place of business in Saint Paul, Minnesota, to the United States of America, for the last two quarters of 2013 and the years 2014 and 2015, by committing the following affirmative acts, among others:

- (a) paying employees in cash;
- (b) preparing and causing to be prepared, and by signing and causing to be signed and submitted to the Internal Revenue Service, false and fraudulent annual Forms 1120 for tax years 2013 and 2014 which underreported employee payroll;
- (c) preparing and causing to be prepared, and signing and causing to be signed and submitted to the Internal Revenue Service, false and fraudulent quarterly forms 941 for the third and fourth quarters of 2013, the entire year 2014, and the first three quarters of 2015, which underreported KESI's payroll tax obligations including, for example, submitting to the Internal Revenue Service on or about July 14, 2015, a materially false Form 941 for the fourth quarter of 2014 which reflected that KESI paid wages of \$15,772.50 during the quarter, whereas, as the defendant then and there knew, KESI actually paid wages of approximately \$147,476.74 during the quarter;
- (d) failing to properly withhold and pay over all payroll taxes due and owing; and

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(e) falsely responding to inquiries in an audit commenced by the Minnesota Department of Revenue.

All in violation of Title 26, United States Code, Section 7201.

Respectfully submitted,

W. ANDERS FOLK
Acting United States Attorney



Dated: May 6, 2021

BY: ROBERT M. LEWIS
Assistant U.S. Attorney
Attorney ID No. 249488